

## **Monthly Progress Report #3**

For Montana Project #8191

### **Research in Support of Container/Trailer on Flatcar in Intermodal Service on Montana's Class 1 Railroads RFP# 308128 RP**

*Reporting Period: August 1, 2007 - August 31, 2007*

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Submitted to:

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### **Task 0: Project Management**

The Kick-off meeting for the project was held on June 13, 2007. This task has been completed.

### **Task 1: Literature Review and Original Research (3.2.1.1)**

A literature review was continued to determine the state of the practice in the rail intermodal industry. Past studies conducted by Montana, North Dakota, Washington and Idaho have been requested. News articles have been tracked concerning the progress of terminals in other rural areas. Information on Montana economic activities and agencies has been collected. A questionnaire to determine user interest has been tested and distributed to 159 email addresses representing Montana shippers. An additional 24 surveys were sent out to bring the new total of surveys to 183. A reminder was sent out to those that had not responded. A total of 27 responses have been received as of August 31, 2007.

This list was developed primarily from the import/export data bases which were identified. Twelve Chamber of Commerce offices were asked to distribute the invitation for survey participation to their members. It is estimated that each Chamber has 200-300 potential response candidates. (Potential response candidates do not include professional services, government, restaurant or medical facilities). The Montana Economic Developers Association (MEDA) distributed the survey link to 89 Economic Development professionals, 31 private businesses, 79 economic development affiliates and 134 Montana Ambassadors.

Eight trade associations have now been contacted which included Montana Grain Growers Assn, Montana Wood Products Assn, Montana Mining Assn, National Grain and Feed Assn, Montana Grain Elevator Assn, Northern Pulse Growers Assn., The Montana Wheat and Barley Bureau and the Montana Motor Carriers Association. Additional surveys were distributed via these groups.

The final report from the Minot, North Dakota study was received and reviewed. PrePass data from trucking weigh stations was received for 2003- 2007. It lists truck activities by weigh station point. The total sample in 2003 was 163,438 trucks by 2007 the total truck count was up to 300,086. While this data is only a sampling it gives us good information on trucking flows and patterns.

#### Action Items for Next Month:

- Continue review of literature and continue to contact users and logistics providers. Attend the Montana Motor Carriers Association in Billings and meet with local users. Distribute our user survey during the Motor Carrier meeting.

### **Task 2: Identification of Users by Geographic Region (3.2.1.1.1)**

Over 30 economic development agencies in Montana have been contacted to determine potential users, and or interest in terminal development. Professional associations have been identified which include Montana Grain Growers Association, Montana Mining Association and Montana Wood Products Association. Intermodal marketing company, third party logistics firms and international container owner lists and contacts were assembled.

The Port of Montana was visited. The interview included an overview of the regional shipping patterns and the facility site activities and specifications.

Telephone interview of Economic Development officials, BNSF terminal operators in Billings, Montana. Contacted the Chamber of Commerce officials to identify potential new users in this area.

#### Action Items for Next Month:

- Continue survey effort

### **Task 3: A Terminal Profile (3.2.1.1.2)**

This task was begun by looking at initial responses and identifying the profile of the terminals which originally existed in Montana. Steamship operators were contacted to identify how they load Montana products in their containers. Several terminal service maps were specific carriers were collected. Information about the site at the Port of Montana and Billings Intermodal terminal was collected. Contacted UP West Region Sales Director about their regional activities and potential shipper interest.

#### Action Items for Next Month:

- Visit Billings and Shelby facilities.

### **Task 4: Develop Montana Shipper Cost Model ((3.2.1.1.3)**

A matrix of truck costs from terminal areas to various export ports was developed.

#### Action Items for Next Month:

- Meet with Montana Motor Carrier Association about service interest.

### **Task 5: Document Current Intermodal Activities (3.2.1.1.4)**

Followed up with Barbara Ranf on the intermodal questions we posed after the kick-off meeting. This information has been forwarded to Fort Worth. Have tentatively set up meetings in Fort Worth for mid-October. Union Pacific users are repositioning equipment from Salt Lake City, UT to pick up loads in the Billings area. Identified the drayage companies that provide this service.

Action Items for Next Month:

- Discuss grain shipping patterns with Grain Traders
- Follow up with Ocean Carriers on export survey

**Task 6: Exploration of Railroad Incentives (3.2.1.1.5)**

Stakeholders were interviewed to determine what types of incentives should be explored in order to attract carriers to provide intermodal service.

Action Items for Next Month:

- Set up meetings with UP and BNSF about survey findings and cost model information.

**Task 7: Intermodal Service Recommendation (3.2.1.2)**

Draft report to be sent for review November 2007

Final report and Project Summary Report to be completed by December 31, 2007

**Summary of Expenditures**

Table 1 summarizes the project costs through August 31, 2007. August 2007 cost activities amounted to \$10,977.88 leaving \$47,991.32 for the remainder of the project.

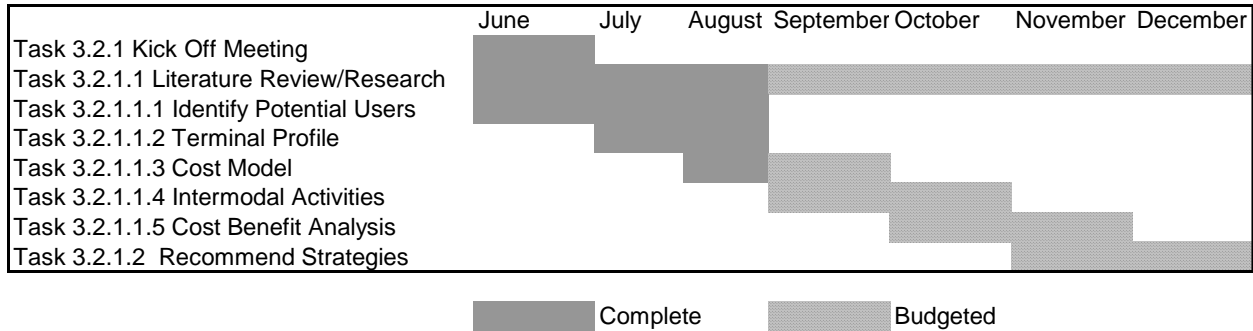
**TABLE 1. Summary of Expenditures (June 1, 2007 – August 31, 2007)**

<b>Budget Category</b>	<b>Budgeted Funds</b>	<b>Spent This Period</b>	<b>Total Spent</b>	<b>Total Remaining</b>
<b>Labor</b>	\$27,520.00	\$4,900.00	\$13,440.00	\$14,080.00
<b>Subcontract</b>	\$23,204.00	\$1,033.00	\$7,494.00	\$15,710.00
<b>Travel</b>	\$4,800.00	0	\$1,243.94	\$3,556.06
<b>Operations/Communication</b>	\$1,000.00	\$144.88	\$434.79	\$565.21
<b>Indirect</b>	\$27,520.00	\$4,900.00	\$13,440.00	\$14,080.00
<b>Total</b>	\$84,044.00	\$10,977.88	\$36,052.73	\$47,991.32.

**Project Schedule Summary**

A summary of the project status is shown in Figure 1. The project has been underway for three months; five project areas have been initiated. August survey work was slow. Project pace will pick up dramatically in September.

**FIGURE 1: Project Schedule with Completed Work**



**Hours Spent in August by Task Break Down**

August Hours By Task	PI Ogard Hours	WTI Stephens Hours	WTI Cole Hours
Task 3.2.1 Kick Off Meeting			
Task 3.2.1.1 Literature Review/Research	11	2	8
Task 3.2.1.1.1 Identify Potential Users	20		4
Task 3.2.1.1.2 Terminal Profile	20		
Task 3.2.1.1.3 Cost Model	19		
Task 3.2.1.1.4 Intermodal Activities			
Task 3.2.1.1.5 Cost Benefit Analysis			
Task 3.2.1.2 Recommend Strategies			
July	70	2	12